



# FEDERAL TRUSTCO INC.

Head Office  
Federal Trust Tower, 415 Yonge Street,  
Toronto 864-1720

Subsidiaries and Affiliates  
Federal Trust Company  
Fedco Mortgage Investment Company  
Warchester Investments Limited

## TO THE SHAREHOLDERS

Total consolidated assets, including assets under administration, increased by 18% to \$334,371,000 from the same period last year. Net income for the six months ended June 30, 1979, was \$92,000 (13¢ per share) compared to \$345,000 (47¢ per share) in 1978. Profits continue to be affected by lower spreads resulting from the high costs of savings deposits, without a corresponding increase in investment income.

Net income for the second quarter was \$85,000 compared to \$7,000 in the first quarter, indicating an encouraging improvement. However, it does not appear that interest rates will reduce during 1979, with further increases possible. Profits will therefore continue to be adversely affected for the remainder of the year.

I am pleased to announce that the name of your company is now Federal Trustco Inc. The Class "A" shares and the Series "F" Warrants of the company are listed under this new name with the Toronto Stock Exchange.

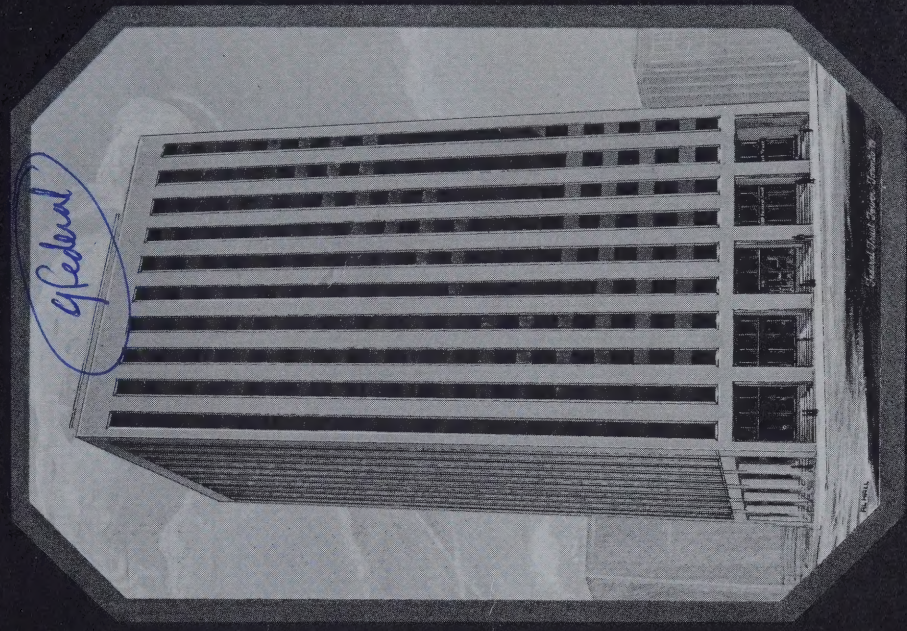
David S. Ades  
President

July 31, 1979

Financial Service Branches	
Toronto:	
343 College Street	961-8247
654 Danforth Avenue	461-0254
2070 Danforth Avenue	422-1610
1850 Eglinton Avenue West	789-4341
948 St. Clair Avenue West	654-4255
1224 St. Clair Avenue West	652-3555
141 Yonge Street	864-9023
415 Yonge Street	864-9253
Brampton: 9 Queen Street East	453-1460
Ottawa: 270 Albert Street	(613) 238-4886
Welland: 800 Niagara Street North	(416) 735-0714

## Main Services and Functions

- Chequing Accounts
- Consumer and Demand Loans
- Current Accounts
- Deferred Profit Sharing Plans
- Guaranteed Investment Certificates
- Mortgage and Bond Fund
- Mortgage Loans
- Mortgage Servicing and Management
- Personal Investment Management
- Real Estate Sales
- Registered Home Ownership Savings Plans
- Registered Retirement Savings Plans
- Savings Accounts
- Short Term Deposits
- Special Savings Accounts



# FEDERAL TRUSTCO INC.

AR43

INTERIM REPORT  
SIX MONTHS ENDED JUNE 30, 1979



# CONDENSED CONSOLIDATED BALANCE SHEET

(Unaudited and 000's omitted)

	June 30 1979	December 31 1978	June 30 1978
<b>ASSETS</b>			
Cash and short term investments	\$ 8,943	\$ 10,359	\$ 15,335
Securities	16,899	15,290	12,098
Mortgages	151,107	141,330	129,642
Demand and personal loans	7,248	6,166	6,136
Real estate	2,354	2,311	2,411
Rental properties held for resale	6,239	6,075	8,086
Joint ventures	1,035	1,018	1,003
Other	5,500	6,577	4,617
	<u>\$199,325</u>	<u>\$189,126</u>	<u>\$179,328</u>
Estates, Trusts and Agencies	135,046	115,912	103,427
<b>TOTAL ASSETS UNDER ADMINISTRATION</b>	<u>\$334,371</u>	<u>\$305,038</u>	<u>\$282,755</u>

## CONSOLIDATED STATEMENT OF INCOME

(Unaudited and 000's omitted)

	Six Months Ended June 30		Three Months Ended June 30	
	1979	1978	1979	1978
<b>Income:</b>				
Securities, including short term investments	\$1,168	\$1,004	\$ 578	\$ 553
Mortgages	7,739	6,514	3,934	3,246
Demand and personal loans	438	314	232	169
Profit on real estate	-	350	-	434
Fees, commissions and other	693	733	419	344
	<u>10,038</u>	<u>8,915</u>	<u>5,163</u>	<u>4,746</u>

### Expenses:

Interest on—				
Guaranteed trust deposits	8,017	6,346	4,042	3,256
Bank loan	69	51	33	26
Long term debt	138	58	69	29
	<u>8,224</u>	<u>6,455</u>	<u>4,144</u>	<u>3,311</u>
Salaries and staff benefits	1,012	911	514	473
Premises	321	342	161	172
Other operating	650	655	328	320
	<u>10,207</u>	<u>8,363</u>	<u>5,147</u>	<u>4,276</u>

Operating income (loss) before taxes	(169)	552	16	470
Income taxes (recoverable)	(299)	135	(114)	163
<b>Net operating income</b>	<u>130</u>	<u>417</u>	<u>130</u>	<u>307</u>
Net gain (loss) on investments after related income taxes	41	(33)	(5)	(3)
Net income before minority interest	171	384	125	304
Minority interest	79	39	40	32

### Net income for the period

	\$ 92	\$345	\$ 85	\$ 272
Earnings per Class A and Common share:				
Net operating income	\$ 0.18	\$ 0.57	\$ 0.18	\$ 0.42
Net income for the period	\$ 0.13	\$ 0.47	\$ 0.12	\$ 0.37
Fully diluted	\$ 0.13		\$ 0.12	

## LIABILITIES

	June 30 1979	December 31 1978	June 30 1978
Guaranteed investment certificates and deposits	\$176,145	\$166,747	\$158,256
Mortgages payable	817	841	903
Bank loans	980	980	980
Long term debt	2,844	3,005	3,083
Other	10,726	9,775	8,194
Deferred income taxes	322	323	444
Minority interest in preferred shares of subsidiary company	2,000	2,000	2,000
Shareholders' equity	5,491	5,455	5,468
	<u>\$199,325</u>	<u>\$189,126</u>	<u>\$179,328</u>

## CONSOLIDATED STATEMENT OF CHANGES IN CASH POSITION

(Unaudited and 000's omitted)

	Six Months Ended June 30	
	1979	1978
<b>SOURCES OF CASH:</b>		
Operations*	\$ 245	\$ 487
Increase in guaranteed trust borrowings	9,398	7,621
Increase in bank loan	-	90
Issue of preferred shares by subsidiary company	-	2,000
Net other	1,493	272
	<u>\$11,136</u>	<u>\$10,470</u>

### APPLICATIONS OF CASH:

Increase in securities	\$ 1,609	\$ (64)
Increase in loans	10,474	1,254
Additions to real estate:		
Rental properties held for sale	164	4,513
Land held for development or sale	42	(623)
Additions to premises, leasehold improvements and equipment	22	70
Decrease in mortgages payable	24	60
Payments on long term debt	161	87
Dividends	56	56
	<u>\$12,552</u>	<u>\$ 5,353</u>

Increase (decrease) in cash for the period	\$ (1,416)	\$ 5,117
Cash and short term investments at beginning of year	10,359	10,218
Cash and short term investments at the end of the period	<u>\$ 8,943</u>	<u>\$15,335</u>

\* Represents net income for the year after adjustments for depreciation, amortization of financing expenses and provision for possible losses on investments, (1979 — \$153,000; 1978 — \$142,000).